

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EB-07 OMB-01 TRSE-00 AID-05 IGA-02 IO-13
/086 W

-----108597 081827Z /43

P R 081738Z JUL 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC PRIORITY 2102
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 5265

E.O. 11652: XGDS-3
TAGS: PGOV, PINT, PO
SUBJ: GOVERNMENT FACES THREAT IN ASSEMBLY

REF: (A) LISBON 5122 (DTG 051601Z JUL 77), (B) LISBON 5177
(DTG 062003Z JUL 77)(NOTAL)

SUMMARY: THE OPPOSITION PARTIES COMBINED TO DEFEAT TWO MINOR
GOVERNMENT MEASURES JULY 7 IN THE LEGISLATIVE ASSEMBLY.
RECOGNIZING HIS GOVERNMENT'S VULNERABILITY, MARIO SOARES HAS
BEGUN PRIVATE NEGOTIATIONS WITH THE CDS IN AN EFFORT TO BROADEN
HIS BASE OF SUPPORT. THE CDS IS TEMPTED, BUT INTENDS TO HOLD OUT
FOR PS CONCESSIONS IN WRITING. END SUMMARY.

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1. ASSEMBLY REJECTS GOVERNMENT PROPOSALS: THE
OPPOSITION PARTIES COMBINED JULY 7 IN THE LEGISLATIVE
ASSEMBLY TO DEFEAT TWO GOVERNMENT MEASURES. THE BILLS
WOULD HAVE GIVEN TAX BENEFITS TO COMPANIES CONDUCTING
OIL EXPLORATIONS AND WOULD HAVE AUTHORIZED BOND ISSUES
TO COVER DEBTS IN SEVERAL GOVERNMENT DEPARTMENTS. THE CDS
OBJECTED THAT TAX BENEFITS PROPOSED FOR OIL EXPLORATION WOULD

GIVE EXCESSIVE CONCESSIONS AT THE EXPENSE OF THE NATIONAL INTERESTS. THE PSD COMPLAINED THAT THE GOVERNMENT HAS NEVER GIVEN THE ASSEMBLY AN EXPLANATION OF ITS OVERALL INTERNAL PUBLIC DEBT. THE PSD, CDS, AND PCP COMBINED TO DEFEAT THE OIL EXPLORATION MEASURE 89-80, AND THE BOND ISSUE 105 TO 82. PSD DEPUTY ANGELO CORREIA STATED THE GOVERNMENT SHOULD VIEW THE TWO NEGATIVE ASSEMBLY VOTES AS A WARNING. CDS VICE PRESIDENT AMARO DA COSTA ADDED THAT THE GOVERNMENT SHOULD SUBMIT A MOTION OF CONFIDENCE TO THE ASSEMBLY. FOLLOWING THE FIREWORKS OVER THE ABOVE TWO MEASURES, THE ASSEMBLY WENT ON TO APPROVE THREE MINOR BUDGETARY MEASURES, ONE BY A UNANIMOUS VOTE AND THE OTHERS WITH THE SUPPORT OF THE PS, PSD, AND CDS.

2. SA CARNEIRO AND THE PS STILL AT LOGGERHEADS: THE SOCIALIST PARTY EDITOR OF "DIARIO DE NOTICIAS" (DN) IN A FRONT PAGE JULY 7 EDITORIAL, CALLED ATTENTION TO PSD PRESIDENT SA CARNEIRO'S ALLEGED ANTIPATHETIC PERSONALITY, HIS IMPATIENT AND NERVOUS TEMPERAMENT, HIS VERY CHANGEABLE STRATEGY, AND HIS FAILURE TO BE RECEIVED BY HIGH ADMINISTRATION OFFICIALS DURING HIS U.S. VISIT AS REASONS FOR SA CARNEIRO'S LOW STANDING WITH THE PUBLIC. DN CONCLUDED WITH A PATRONIZING ADMONITION THAT SA CARNEIRO'S UNPOPULARITY SHOULD SERVE AS A WARNING FOR HIM TO CORRECT HIS CONDUCT AND HIS VIEW OF THE OPPOSITION'S ROLE. THE PSD PRESIDENT, HOWEVER, IN A JULY 8 "O PAIS" INTERVIEW DISPLAYED NO SIGNS OF MODERATING HIS OPPOSITION
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TO THE GOVERNMENT. SA CARNEIRO STRONGLY CRITICIZED THE GOVERNMENT'S STRIKE LAW, ITS ECONOMIC PLAN, THE LAW ON WORKER PARTICIPATION IN MANAGEMENT, AND THE GOVERNMENT'S "FAILURE TO GOVERN." THE PSD LEADER SAID HIS PARTY WOULD VOTE AGAINST THE GOVERNMENT IN ANY CONFIDENCE MOTION. HE ALSO CRITICIZED THE GOVERNMENT'S FAILURE TO INFORM THE ASSEMBLY ADEQUATELY ON FOREIGN LOANS. HE SAID THAT HE HAD NEVER PROMISED TO SUPPORT THE "CONSORTIUM LOAN" TO PORTUGAL "WHICH IS NOW REDUCED TO PROMISES OF SUPPORT FOR HALF THE ORIGINAL VALUE."

3. SOARES WOOS THE CDS: "EXPRESSO" EDITOR AND PSD LEADER FRANCISCO BALSEMAO, TOLD EMBOFF JULY 6 THAT MARIO SOARES HAD RECENTLY OFFERED CDS PRESIDENT FREITAS DO AMARAL IMMEDIATE POLICY INFLUENCE AND A PLACE IN THE GOVERNMENT WITHIN SIX MONTHS IN RETURN FOR CDS SUPPORT. CDS SECRETARY-GENERAL BASILIO HORTA ON JULY 7 CONFIRMED THE SUBSTANCE OF THE OFFER. HORTA SAID THE CDS WAS INCREASINGLY IMPATIENT WITH ITS PSD PARTNERS IN "CONVERGENCE" FOR BACKING AWAY FROM THE SOCIAL DEMOCRATS' AGREEMENT WITH THE CDS (REF A). THE CDS IS NOW IN THE PRELIMINARY STAGES OF CONSIDERING SOARES'S OFFER.

HORTA SAID THAT THE CDS, BURNED ONCE BY PS "FAILURE TO LIVE UP TO AN AGREEMENT WITH THE CDS," WOULD INSIST THIS TIME ON A DOCUMENT SPECIFYING PS COMMITMENTS. THE CDS SECRETARY-GENERAL ACKNOWLEDGED THAT THE SOCIALISTS HAD GONE FAR TO MEET SEVERAL CDS OBJECTIONS TO THE GOVERNMENT'S PROPOSED LAW ON WORKER PARTICIPATION IN MANAGEMENT. IN RETURN, THE CENTER DEMOCRATS WOULD LIKELY SUPPORT THE MEASURE IN THE ASSEMBLY.

4. COMMENT: THE ASSEMBLY DEFEATS ON MINOR MEASURES CONSTITUTE A DELIBERATE WARNING TO THE GOVERNMENT. SOARES'S SOUNDINGS WITH FREITAS DO AMARAL SHOW THE SOCIALISTS ARE WORRIED. AFTER YESTERDAY'S VOTE, THE PS IS LIKELY TO STEP UP ITS EFFORTS TO NEGOTIATE A PERLIAMENTARY AGREEMENT
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WITH THE CDS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL STABILITY, POLITICAL SITUATION, PARTY MEETINGS, POLITICAL PARTIES, CENTRAL LEGISLATURE
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Executive Order: X3
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From: LISBON
Handling Restrictions: n/a
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Message ID: 7ddb146f-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
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